

EXHIBIT FILE COPY ORIGINAL

EX PARTE OR LATE FILED

Joseph Jackson  
Associate Director  
Federal Regulatory



1300 I Street, NW, Suite 400 West  
Washington, DC 20005

Phone 202 515-2467  
Fax 202 336-7922  
joseph.r.jackson@verizon.com

ORIGINAL

FILED/ACCEPTED

APR 12 2007

Federal Communications Commission  
Office of the Secretary

EX PARTE

April 11, 2007

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

***Re: Section 272(f)(1) Sunset & the BOC Separate Affiliate and  
Related Requirements, WC Docket No. 02-112***

Dear Ms. Dortch:

At a meeting with Verizon on March 29, 2007, Wireline Competition Bureau Staff asked Verizon to supplement its March 27 response to specification 4 of the Commission's March 13 information request by providing data from Harte-Hanks. The attached exhibits and information below respond to staff's request. These data further confirm that all segments of the business market are competitive and that Verizon is non-dominant in each segment, based on the levels at which the Commission has previously made findings of non-dominance.<sup>1</sup>

<sup>1</sup> When the Commission declared AT&T to be non-dominant in the provision of domestic interstate interexchange services, AT&T's market share of such services was estimated to be approximately 60 percent. *Motion of AT&T Corp. To Be Reclassified as a Non-Dominant Carrier*, Order, 11 FCC Rcd 3271, ¶ 67 (1995). Likewise, AT&T's share of the international message telephone service market was estimated to be 60 percent when AT&T was declared non-dominant in the provision of those services, and AT&T's average market share in 76 select countries was 74 percent, and AT&T faced no competition at all in four countries. *Motion of*

REDACTED – FOR PUBLIC INSPECTION

No. of Copies rec'd 0  
List A B C D E

Harte-Hanks compiles data from telephone interviews of on-site personnel in IT and telecommunications departments for 500,000 business sites. Attachment A contains an overview of that data. The attached data (Exhibit 4.4) sets forth the percentage of customer sites at which a carrier is *a* provider for the following product segments: T-1, T-3, Frame Relay, ATM, Long-Distance, and VPN.<sup>2</sup> Data are provided separately for businesses with up to 500 employees, and businesses with more than 500 employees.<sup>3</sup> These data are presented for each of the **28** states in which Verizon provides local wireline telephone service plus the District of Columbia, and for each of the MSAs within those states. Within each individual state (but not MSA), data are provided separately for Verizon's in-franchise service territory and out-of-franchise territory.

The Harte-Hanks data are "unweighted." The Harte-Hanks database purposely overrepresents businesses that are sophisticated and extensive users of telecommunications and IT and underrepresents those that are not. It is not "designed to create a statistically accurate and significant representation of the telecommunications installation universe." (**Att. A**) In addition, the "unweighted" database contains information only for those sites that choose to participate, and is not adjusted to account for sites that refuse to participate. Moreover, in a number of cases, the sample sizes are too small to yield statistically significant results. As a general matter, a sample size of **less** than 30 may not be statistically significant! Verizon is providing all of the data regardless of sample size, even where it is not statistically significant.

Customer share data treat all customers as equal and do not differentiate between customers who spend more and those who spend less. Moreover, the data do not distinguish among the different providers of a single customer. For example, large business customers often have more than one provider of local service (*e.g.*, a primary provider and a secondary provider that functions primarily as a backup). The Harte-Hanks "customer share" data count the two providers equally. For these reasons, two providers with equal "customer shares" might have very different shares of revenues and/or lines.

---

*AT&T Corp. To Be Declared Non-Dominant for International Service*, Order, 11 FCC Rcd 17963, ¶ 40 (1996).

<sup>2</sup> For example, for T1 and T3 lines, respondents were asked to list their providers. In the case of long distance, respondents were asked to provide only their "primary provider." *See* Att. A.

<sup>3</sup> The segment in which a business **is** classified is based on the number of employees that the business has nationwide rather than the number of employees at the customer site being surveyed. Thus, a local office (with 15 employees) of a national business with 1000 employees is counted in the "more than 500 employees" segment. The local office's answers reflect what providers it uses at the local office, not what the business uses nationally.

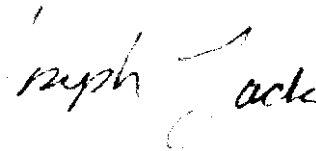
<sup>4</sup> The "totals" shown in Exhibit 4.4 do not represent the number of sites surveyed, but the number of providers named by the respondents. For example, if customer site A identified two T1 providers and customer site B identified three T1 providers, the total shown would be five, **not** two.

**REDACTED – FOR PUBLIC INSPECTION**

Finally, the Harte-Hanks data do not include all forms of competition. For example, the enclosed survey data does not reflect the use of wireless services by business customers, even though many businesses now make extensive use of wireless phones even if that is not currently their "primary" telecommunications service. In addition, the attached data for long distance do not reflect the use of high speed Internet services that are used by businesses for e-mail and other applications that displace the use of traditional voice services. Similarly, the data are simply a snapshot of current providers, and therefore ignore the dynamic nature of the business and the many new options – such as cable, wireless, and VoIP – that business customers can increasingly use going forward.

If you have any questions, please call me at 202-515-2467.

Very truly yours:

A handwritten signature in black ink, appearing to read "Ralph Ack". The signature is written in a cursive, somewhat stylized font. The first part "Ralph" is more legible, while "Ack" is written more quickly and is less distinct.

Enclosures

**REDACTED – FOR PUBLIC INSPECTION**

## **ATTACHMENT A**

REDACTED – FOR PUBLIC INSPECTION

## EXHIBIT 4.4

REDACTED – FOR PUBLIC INSPECTION